

AGENDA



Thursday, November 29, 2007

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 33**

Subject: Approve ratification of a contract with TRANSCANADA TURBINES, LTD, Calgary, Alberta, Canada for the repair of the gas turbine engine at the Sand Hill Energy Center Unit No. 3 in an amount estimated to be \$2,713,638.

Amount and Source of Funding: Funding is available in the Fiscal Year 2007-2008 Operating Budget of Austin Energy.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Martha L. Gaines, Buyer II/322-6583

Purchasing Language: Critical Business Need.

MBE/WBE: This contract was awarded in compliance with Chapter 2-9C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

On August 27, 2007 the gas turbine engine on Sand Hill Unit No. 3 suffered a major failure in the high pressure compressor section while in operation. The engine was removed and shipped to a certified gas turbine repair shop for disassembly, evaluation, and preparation of a repair scope of work. The estimate to repair the engine is \$2,713,638. A purchase order was issued on October 5, 2007, in order to start the repairs. Other costs/savings may be realized as repairs move forward and all components are inspected in detail. This unit is scheduled to be back in operation on or about mid January 2008.

This is a Critical Business Need since Austin Energy is now without approximately 50 megawatts of efficient and low emissions gas-fired generation that is critical to its most favorable operating plan.